GOVERNMENT OF INDIA
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
LOK SABHA

UNSTARRED QUESTION NO:2667
ANSWERED ON:07.03.2003
WAIVING OF CENTRAL EXCISE DUTY ON SUGAR AND MOLASSES
AJAY CHAKRABORTY;KAMBALAPADU E. KRISHNAMURTHY;SRINIVASULU KALAVA

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) whether Indian sugar mills in the country are reeling under continuous fall of prices of sugar and constant increase in the prices of sugarcane;

(b) if so, the details thereof;

(c) whether Indian Sugar Mills Association has requested the Government for waiving ofCentral Excise Duty on sugar and molasses for two years;

(d) if so, any decision has been taken on their request; and

(e) the measures taken/being taken by the Government to alleviate the problems of sugar mills?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (S SREENIVASA PRASAD)

(a)&(b): Difficulties have been encountered in sugar following a general fall in sugar prices.

(c)&(d): Indian Sugar Mills Association had represented to the Finance Minister throughpre-budget memorandum, requesting that basic excise duty of sugar, currently charged at the rate of Rs.34 per quintal, may be exempted for a period of one year and the excise duty on molasses may be reduced. No change has been effected in the duty rates.

(e): In the recent months, the Government has taken the following measures to alleviate problems of sugar mills:-

(i) Buffer Stock: Government has created a buffer stock of 20 lakh tonnes for a period ofone year from 18.12.2002, involving an outgo of Rs.412 crores from the Sugar Development Fund,and Rs.374 crores to be released by banks on account of the Buffer Stock. Thus an amount of Rs.786 crores would become available to sugar industry for the payment of cane price dues to the farmers.

(ii) Ocean freight charges: It has also been decided that neutralization of ocean freight disadvantage at the rate of Rs.350 per tonne on export shipments of sugar would be reimbursed to sugar factories with effect from 14.2.2003.